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## CURRENT INTELLIGENCE WEEKLY SUMMARY

14 December 1962

THE WEEK IN BRIEF  
(Information as of 1200 EST 13 Dec)

CUBA . . . . . Page 1

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Recent public statements

suggest that Cuba is considering giving greater support than before the crisis to Latin American insurrectionary movements. The recent nationalization of small- and medium-size businesses by the Castro regime may further increase domestic disenchantment with the regime.

SOVIET FOREIGN POLICY DEVELOPMENTS . . . . . Page 3

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Khrushchev's 12 December speech to the Supreme Soviet was intended as a definitive interpretation of his actions in the Cuban crisis. His account of the crisis was aimed primarily at establishing the point that the USSR had "confirmed its agreement" to withdraw offensive weapons only after a public statement by President Kennedy that--in Khrushchev's words--the "US would not attack Cuba and would restrain its allies from such an action." The speech conveyed no sense of urgency regarding a Berlin settlement and implied that Soviet domestic problems will be given priority over foreign policy in the period immediately ahead.

Khrushchev's thinly veiled attack on the Chinese Communists will undoubtedly produce a vigorous response from Peiping. These exchanges will increase the momentum of the dispute and make it more difficult to avoid a formal break in party relations. In contrast to the deepening Sino-Soviet rift, the growing rapprochement between Moscow and Belgrade was symbolized by Marshal Tito's presence on the platform when Khrushchev addressed the Supreme Soviet and by the fact that Tito himself addressed that body the following day. An address by a foreigner to the Supreme Soviet is highly unusual, if not unprecedented.

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THE SINO-INDIAN DISPUTE . . . . . Page 8

Increasingly strident Chinese pronouncements and Nehru's formal rejection of Peiping's key proposals for mutual withdrawal and negotiation have moved the border dispute a bit closer to a resumption of fighting. The cease-fire along the frontier is now three weeks old and Chinese withdrawals, at least in the northeast, are apparently continuing at a

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slow pace. The conference of six nonaligned nations in Colombo, which concluded on 12 December, seemed agreed only that the two adversaries should negotiate rather than fight. Ceylonese Prime Minister Bandaranaike's projected visit to New Delhi and Peiping with the conference proposals will serve to provide both sides with additional time for maneuver.

1963 SOVIET PLAN AND BUDGET . . . . . Page 11

The USSR's 1963 plan and budget show no change in Soviet planners' emphasis on heavy industry; only modest improvements are scheduled for agriculture and consumer goods production. Military spending is scheduled to increase only slightly. Most growth rates for 1963 are shaded downward from the 1962 plan, apparently reflecting mounting difficulties in the allocation of resources.

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CZECHOSLOVAK PARTY CONGRESS. . . . . Page 14

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The recent 12th congress--postponed for two months to enable party boss Novotny to silence his opponents--was used to demonstrate his renewed authority. He continued his refusal to institute de-Stalinization in Czechoslovakia, but nevertheless reaffirmed his fealty to Moscow by identifying his regime with Khrushchev's anti-Stalinist policies on such issues as China and Yugoslavia. Specific solutions to the country's economic problems, a cause of party and popular disaffection, were postponed until the new seven-year plan is completed in 1963.

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ULBRICHT PREPARES FOR PARTY CONGRESS . . . . . Page 16

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As the time approaches for the sixth party congress--scheduled for mid-January--Ulbricht is attempting to recast the image of himself and the party in the light of current Soviet positions on peaceful coexistence and de-Stalinization. He is bringing his party's position into line with Moscow's by de-emphasizing the Berlin issue, and he has belatedly taken some limited measures against Stalinist practices in the domestic apparatus. Major changes in the economic apparatus are likely. Despite Ulbricht's efforts, Moscow may consider his Stalinist background a handicap and use the congress as a means of paving the way for his retirement.

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**THE BRUNEI REVOLT . . . . . Page 22 25X1**

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The short-lived revolt in Brunei brought into the open foreign and Bornean opposition to the projected federation of Malaysia. Substantial British forces were used to suppress the rebellion, pointing up the degree to which the federation's stability will depend on continued outside military support. Malayan Prime Minister Rahman's annoyance with Philippine sympathy for the rebels was turned against Djakarta when President Sukarno publicly intimated his support for the insurgents.

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**TENSIONS CONTINUE IN LAOS . . . . . Page 23**

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Factional tensions continue to impede even nominal progress toward national reunification. Souvanna's control over his neutralist military forces has evidently been seriously eroded, and the further estrangement of his foreign minister, Quinim Pholsena, attests to his loss of significant neutralist support. Meanwhile, the Pathet Lao continue to block effective inspection procedures by the International Control Commission. Phoumi returned to Laos from Moscow and Peiping with substantial aid commitments.

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**FIGHTING IN YEMEN INCONCLUSIVE . . . . . Page 24**

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Fighting between royalist tribesmen and Egyptian and Yemeni revolutionary forces in northern and eastern Yemen is still inconclusive. The Yemeni royalists, in an effort to stave off US recognition of the revolutionary regime, have made exaggerated claims of successes. However, the royalists control approximately the same area they have controlled since the revolution began. Friction between the Yemeni revolutionaries and Egyptian personnel in Yemen evidently is growing.

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**ALGERIAN REGIME MODERATES NEUTRALIST STANCE . . . . . Page 28**

The Ben Bella government is taking a more balanced line in foreign affairs. Although Ben Bella still seeks aid from any quarter, his regime apparently believes that its best hope of survival lies in economic cooperation with the West. Paris has agreed to provide interim financial assistance and will negotiate for broader aid arrangements. Meanwhile, the UAR has announced a \$24,000,000 loan.

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**ARGENTINA . . . . . Page 29**

The team headed by new Minister of the Economy Mendez Delfino must contend with serious economic deterioration in Argentina and is unlikely to achieve quick results. Without such results, the political situation could again become explosive.

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**BRAZILIAN - SOVIET BLOC TRADE . . . . . Page 30**

Some expansion in Brazilian - Soviet bloc trade is likely to result from a new pact with Moscow to be signed this month; such trade now accounts for about 5 percent of Brazil's total trade. It is not yet clear whether this agreement will provide for economic development credits as did a recent Brazilian-Polish agreement.

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**ELECTIONS IN THE DOMINICAN REPUBLIC . . . . . Page 31**

Presidential and congressional elections are scheduled for 20 December. It now appears that remnants of the Trujillo regime, with the support of Haitian President Duvalier, intend to try to disrupt or prevent them in order to regain control. Such a development probably would

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encourage opportunists in the interim government to force  
postponement of the elections and bid for dictatorial  
power. The two main political parties have been conducting  
a vicious campaign,

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